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Iraq Status Report

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Bureau of Near Eastern Affairs
U.S. Department of State



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HIGHLIGHTS



- **Inter-sect Marriages on the Rise (*POLITICAL*, page 4).**
- **The CBI Offers Plan to Finance GE Deal (*ECONOMIC*, page 11).**
- **UK Calls for Iraq and Kuwait to Settle Reparations Issue (*DIPLOMATIC*, page 17).**
- **Political Advisors Meet in Baghdad to Discuss Civil-Military Cooperation (*SECURITY*, page 20).**

POLITICAL - Governance & Legislation

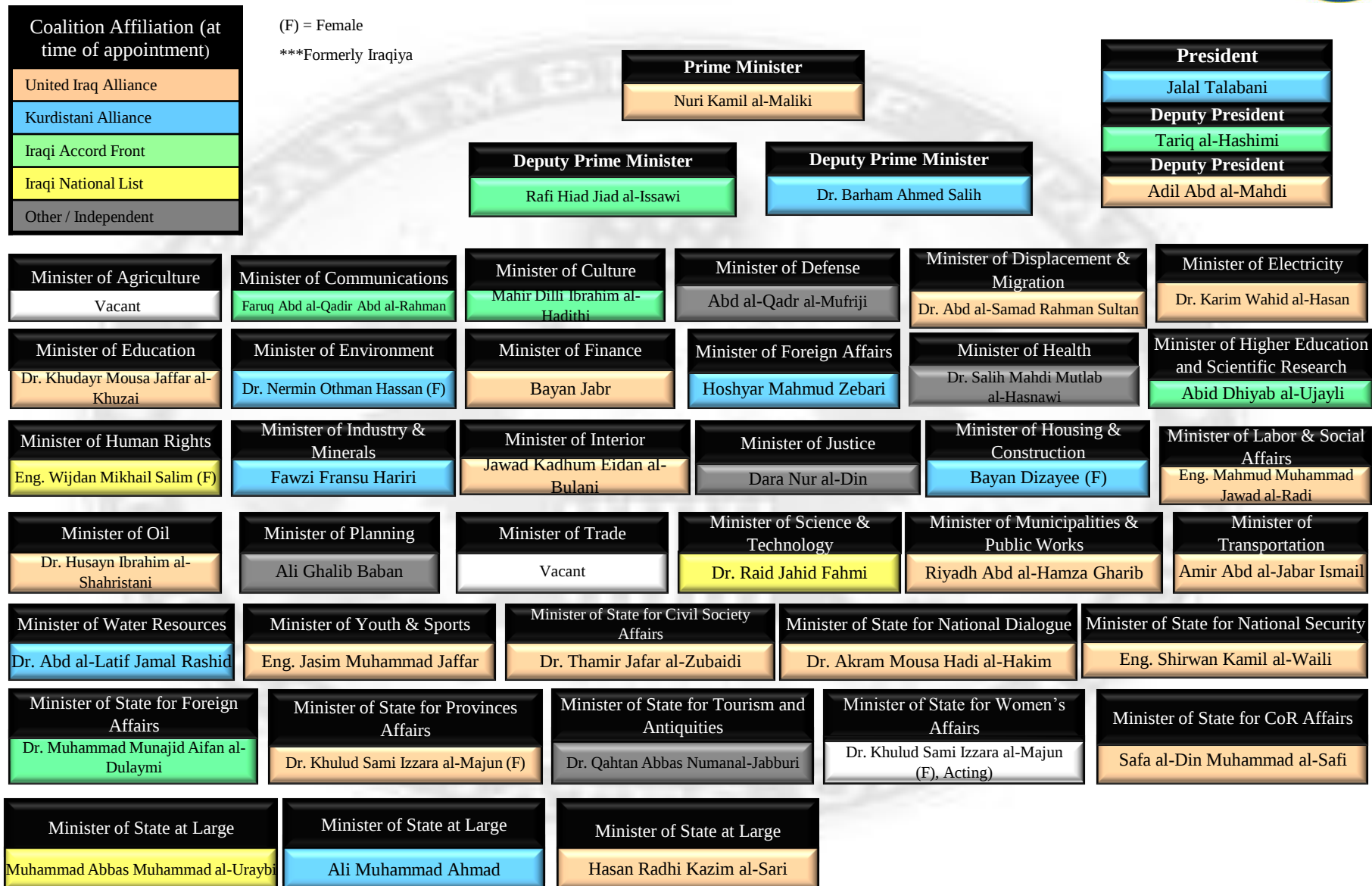


GOI continues to address sectarianism

Inter-sect Marriages on the Rise:

- **Sunni and Shi'a intermarriages are again becoming more common in Iraq. In an effort to encourage the return of mixed marriages, Iraqi Vice President Al-Hashimi initiated a program in 2006 that awards mixed couples \$2,000 from the government. To receive the funds, couples are required to write to VP Hashimi's office and show legal proof of the marriage. So far, the government has carried out 15 mass weddings and over 1,700 newlywed inter-sect couples have taken part in the program.**

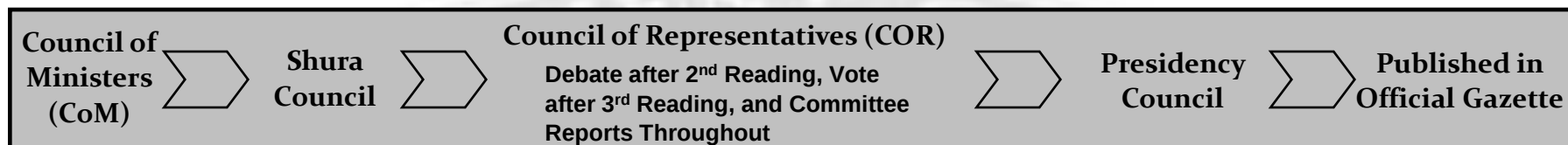
POLITICAL – Government of Iraq





POLITICAL – Key Legislative Issues

Legislative Process



- **Hydrocarbons Package:** The Framework Law was resubmitted to the Oil and Gas Committee on October 26, 2008 and then returned to the Council of Ministers. There has been no progress on the other three laws in the package.
- **NGO Law:** This law will regulate the operations and funding of Non-Governmental Organizations operating within Iraq. It received its first reading in the Council of Representatives on April 20, 2009.
- **National Elections Law:** A draft of a proposed national elections law is in committee but has not been finalized.

POLITICAL - Refugee Update



- Regional governments report hosting as many as 2 million Iraqi refugees.
- The International Organization for Migration (IOM) estimates that over 2.8 million Iraqis are displaced inside Iraq.
- In FY08, the State Department's Bureau of Population, Refugees and Migration contributed \$287.08 million to international organizations and nongovernmental organizations to assist displaced Iraqis inside the country and in the region.
- The U.S. admitted 13,823 Iraqi refugees in FY08 (which ended September 30).
- Since the program's inception in FY07, 31,213 Iraqi refugees have been admitted for U.S. resettlement; in FY09 alone, the U.S. seeks to admit a minimum of 17,000 Iraqi refugees.
- As of March 2009, a total of 375 Special Immigrant Visa (SIVs) have been issued for Iraqi translators and interpreters since FY08 (under the Section 1059 program).
- As of March 2009, a total of 641 SIVs have been issued for Iraqis since FY08 (under the Section 1244 program).
- Secretary of State Hillary Clinton announced July 24 that the United States is contributing more than \$100 million in new assistance this year to support the return and reintegration of displaced Iraqis.

ECONOMIC – Oil



Oil prices are rising, but exports and production remain below 2009 targets

Crude Oil Update:

Price averages in world markets closed with the following prices:

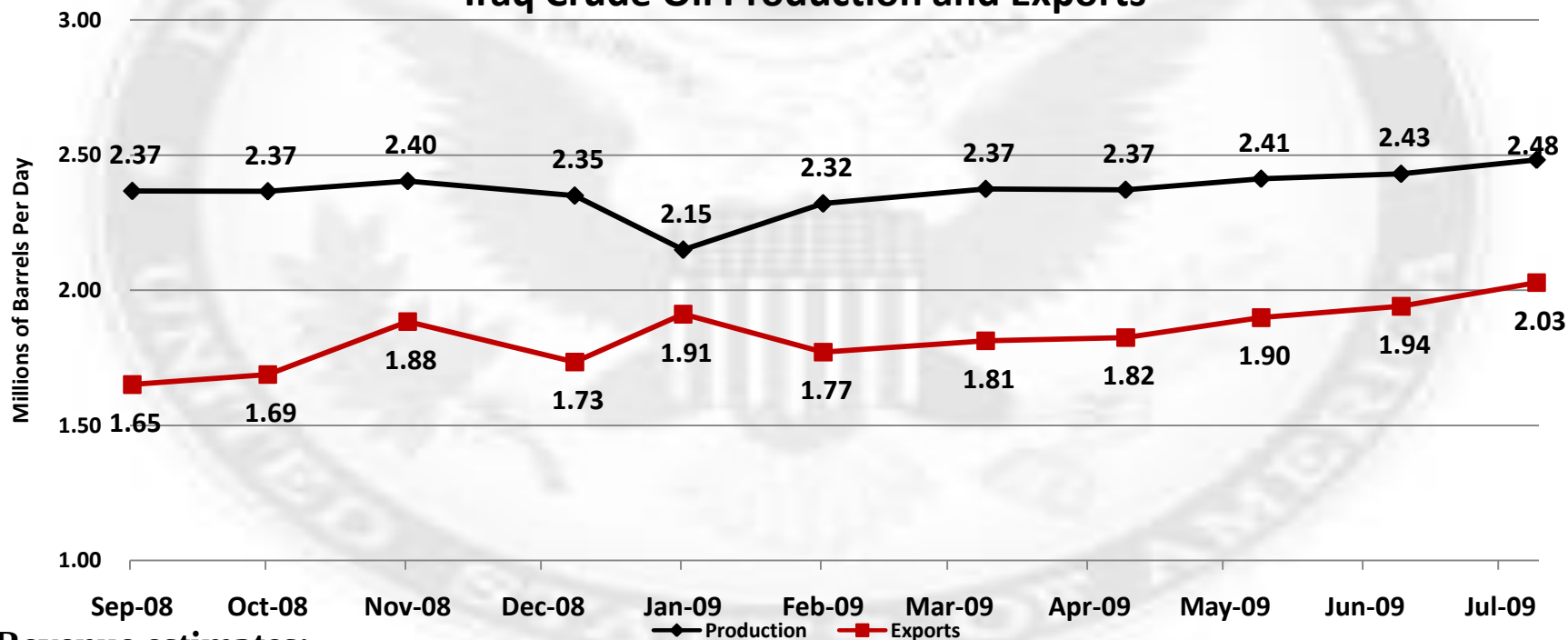
Basrah Light at \$73.83/barrel

Dated Brent at \$73.96/barrel

WTI Cushing at \$71.57/barrel

Oman/Dubai at \$72.33/barrel

Iraq Crude Oil Production and Exports



Revenue estimates:

2007: \$41.0 Billion

2008: \$61.9 Billion

2009 (ytd): \$19.77 Billion*

*New revenue formula is used for 2009 that is more accurate, if lower.

ECONOMIC – Oil



The Ministry of Oil appoints Dhiya Jaafar as acting director general of the South Oil Company

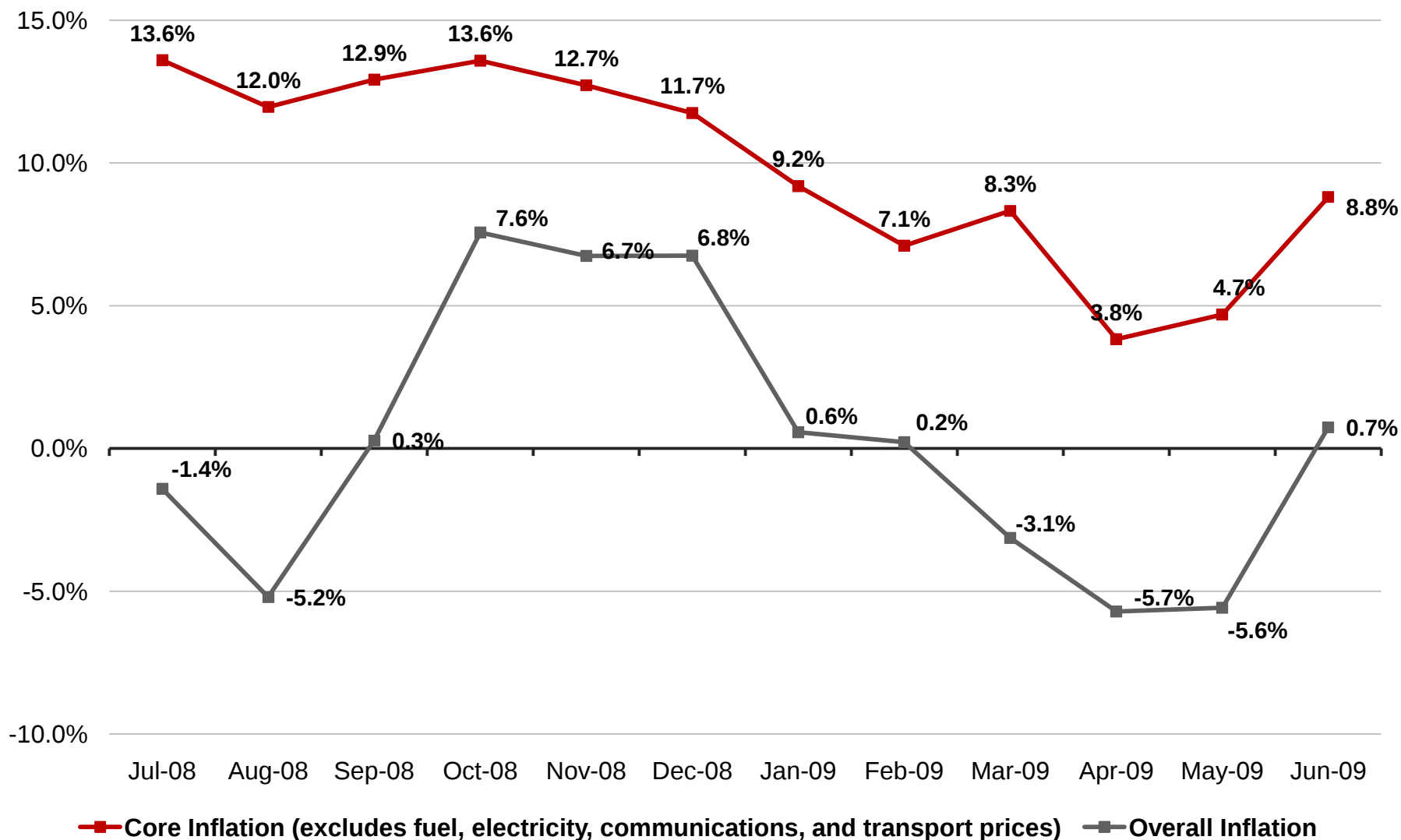
New Acting Director General of the South Oil Company Appointed:

- The Ministry of Oil has named Dhiya Jaafar as the acting director general of the South Oil Company (SOC). Jafaar, who previously was in charge of the SOC's southern operations commission, will be the third director general in the past 18 months and will replace former DG Fayad Nema who was recently removed from his post. Nema became the director general of the SOC in May 2009 after Jabbar al-Luaiabi stepped down.

ECONOMIC - Fiscal and Monetary Affairs



Year-on-Year Inflation



ECONOMIC – Fiscal and Monetary Affairs



The CBI proposes internal lending as a way to pay GE

Economic Indicator	This Week	Last Week	Last Month	Last Year
Iraqi Commercial Bond Sales				
Price (USD)	\$68.63	\$67.12	\$65.27	\$66.08
Yield	9.42%	9.62%	9.94%	10.96%

The CBI Offers Plan to Finance GE Deal:

- Senior Central Bank of Iraq advisor Mudher Kasim said August 9 Iraq would raise the \$2.4 billion needed to pay General Electric by allowing banks to lend to the Ministry of Finance from their reserve requirements at a rate of 2% for a term of one year. The sale of treasury bonds was originally planned as the funding mechanism for this deal, but Iraq's parliament ended its spring legislative session without approving the sale.



ECONOMIC – Private Sector

Excessive Under-employment by the government remains an obstacle for foreign investment and privatization

Public Sector Employment Poses Hurdle for Foreign Investment:

- **As Iraq continues in its efforts to attract foreign investment, one obstacle still to be addressed is the country's bloated public sector. While the Government of Iraq used employment in factories and other state bodies as a means to draw its citizens away from the insurgency, it resulted in state-owned entities with staffs not only much larger than necessary, but also not sustainable. According to Minister of Industry and Minerals Fawzi al-Hariri, the average Iraqi state employee works less than two hours a day on average as a result of overstaffing. Hariri said the Government of Iraq is planning to impose import controls next year, but the changes as a result will be difficult for Iraqis employed by the government. "In an ideal world, everybody wants to stay with the government. They have a job for life, no sacking ... Nobody wants change, but it's a bitter pill everyone has to swallow," Hariri said.**

ECONOMIC – Private Sector



Excessive Under-employment by the government remains an obstacle for foreign investment and privatization

Aquaculture Industry Sees Market Reopening in Baghdad Restaurants:

- Since 2003, an effort has been made to revitalize the aquaculture industry in Iraq through the rehabilitation of fish hatcheries in Babil province as well as the introduction of modern methods of irrigation and feeding. The Inma Agribusiness Program, which is run by USAID, brought 12,400 carp fingerlings from Hungary to Iraq in an effort to create a hardier, fleshier cross-bred carp. If successful, the fish will be market-ready by 2011. The reopening of riverside restaurants in Baghdad which serve the Iraqi dish of masquf—a method of preparation—has also created a market for the fish. To prepare masquf, fresh carp is flattened and roasted on two sticks near an open fire of orange, pomegranate or apple wood for about an hour. The dish is considered lucky to eat on Wednesdays and in Iraqi folklore said to have medicinal or aphrodisiacal powers and is often served at special occasions.

ECONOMIC – Public Sector -Health



The Council of Ministers passes legislation aimed to curb smoking

Iraq's Cabinet Approves Ban on Smoking in Public Places, Cigarette Advertisements in the Media:

- **Government Spokesperson Ali al-Dabbagh said August 6 Iraq's Council of Ministers approved a draft law which will ban smoking in public places. According to Dabbagh, the intent of the bill is to reduce the number of people who begin smoking and increase public awareness about the health risks of smoking. The law would prohibit smoking in public places such as schools, government buildings, on public transportation and in movie theaters and the media would be banned from advertising cigarettes. Cigarette companies would also be required to place warnings on packages. If passed, the law would be one of the most comprehensive bans on smoking in the Middle East and on par with those in Europe and the United States.**

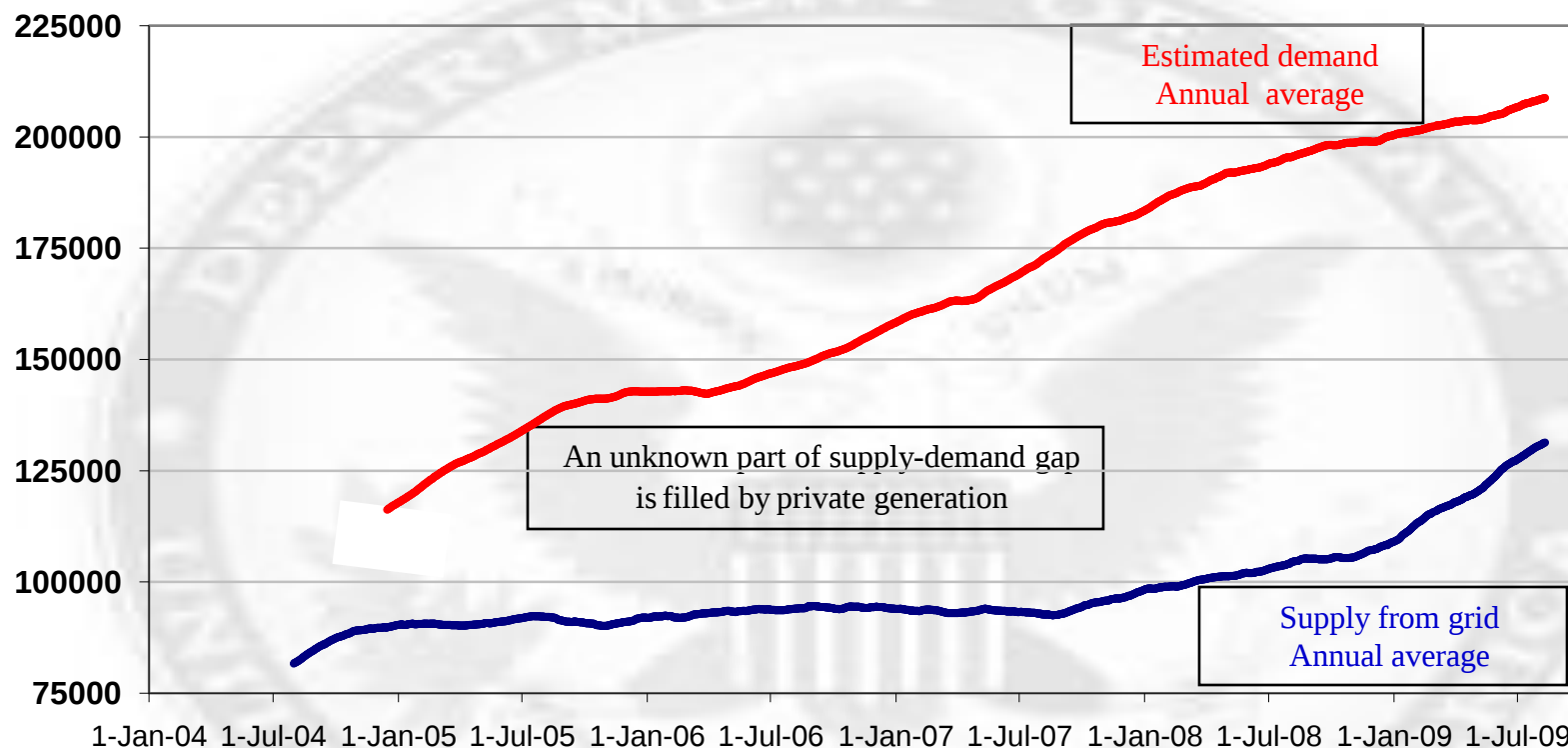
First Swine Flu Death Confirmed in Iraq:

- **Iraq's Ministry of Health confirmed August 9 that the first person in the country had died from the H1NI virus, commonly known as swine flu. "A young woman who was already ill and living in poor circumstances died of swine flu," Deputy Health Minister Amar al-Khuzai said.**



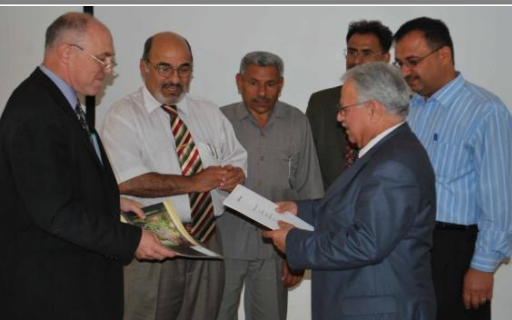
Public Services – Electricity

GOI needs to strengthen policy actions to manage demand and usage patterns



- Electricity supply from the grid August 4-10 was 26% above 2008 and met 60% of estimated demand, compared with 51% for the year earlier period. Year-on-year increases in supply have consistently exceeded 20% since the end of 2008.

Beyond Baghdad



“...we will help Iraq's institutions strengthen their capacity to protect the rule of law, confront corruption, and deliver basic services.”

President Barack Obama

Recent Highlights

PRT Diwaniyah TL present the President of Qadisiyah University the cooperation agreement

Najaf

An agreement has been reached between the Iraq Civil Aviation Authority (ICAA) and Bahrain Air to begin flights to Najaf. The plan is to initially have five flights per week into the Najaf airport starting in mid-August. Najaf has continued to expand its religious tourism role as a major destination for Shi'a pilgrims. In addition to the commencement of flights to Najaf, Bahrain Air will also begin flights into Baghdad International Airport (BIAP).

Diwaniyah

Representatives from the Qadisiyah University were recently presented with a countersigned cooperative agreement from the University of Bridgeport, in Connecticut; accomplishing their goals of finding a “sister-university.” The Diwaniyah PRT was integral with the effort of establishing ties between the two academic institutions, and hosted the ceremony at which the signed cooperative agreement was presented to the Qadisiyah University President.

Maysan

Co-hosted by Maysan PRT and the Provincial Council's Committee for Women and Children, the province's first Women's Planning Conference took place during the last week of August. The conference was attended by 48 female leaders from Maysan's districts, sub-districts, NGOs, and government offices. There is a follow up meeting scheduled to take place next month.

DIPLOMATIC – Political Engagement



International community calls for consensus on reparations

UK Calls for Iraq and Kuwait to Settle Reparations Issue:

- **British Ambassador John Sawers told Reuters in an interview August 4 that he hoped all outstanding issues between Iraq and Kuwait would be resolved, including a reduction of Iraq's reparation payments. "We would like to be able to move forward so that ... all these issues can be agreed within the context of the existing border and within the context of a reduction of compensation payments by Iraq to Kuwait," he said. "But that requires a degree of understanding between Baghdad and Kuwait, which is what we (the Security Council) are trying to build," Sawers added. Ambassador Sawers' comments come after recent statements made by UN Secretary-General Ban Ki-moon, who called for "Iraq and other stakeholders" to come up with alternative solutions to Baghdad's reparation payments.**



SECURITY – Situation Update

ISF takes action to forestall violence; bombings continue to create tension in Iraq

Bomb Attacks in Mosul and Baghdad Kill 70 People in Three Days:

- **Following the success of Iraqi Security Force operations ensuring a peaceful Shabaniyah celebration, a series of bombings across Iraq killed at least 43 people and wounded hundreds of others August 10. The deadliest attack occurred in a village 10 miles east of Mosul, when a pair of truck bombs exploded simultaneously, killing at least 30 and wounding 128. Mosul police reported 30 homes were destroyed in the blasts. In Baghdad, two bombs detonated near two groups of workers who had gathered to look for jobs. The blasts killed 16 people and wounded 81 others in the districts of El Amal and Shorta. Three days earlier in Rasheediyah, a village north of Mosul, a suicide car bomb detonated, killing at least 40 people and wounding 72 others who were leaving a mosque after Friday prayers August 7.**

SECURITY – Situation Update



ISF takes action to forestall violence; bombings continue to create tension in Iraq

MNF-I Confirms Sons of Iraq Salaries are being Paid:

- **Multi-National Corps Iraq deputy commanding general for operations, Major General John D. Johnson confirmed that salary payments from the Government of Iraq (GOI) to Sons of Iraq (SOI) members are on schedule and will be completed in all but one province by August 17. Major General Johnson reported that only payments in Qadasiyah may lag behind. “Some recent press reports falsely claimed payment problems and attendance issues,” Johnson said, “but we have seen no signs of this. The SOI are at their posts, performing well, and are being paid.”**



SECURITY – Security Transition

GOI asserts independence while U.S. works to transition responsibilities

GOI Announces Plans to Remove Concrete Barriers in Baghdad:

- **Major General Qassim al-Moussawi, a spokesman for the Baghdad security command, announced August 4, that the Government of Iraq (GOI) intends to remove all of the concrete blast walls along Baghdad's highways and secondary roads within 40 days. The announcement marks the first time the GOI has given a timeline for removing the barriers.**

Political Advisors Meet in Baghdad to Discuss Civil-Military Cooperation:

- **An assembly of more than a dozen political advisors and U.S. State Department officials met for two days in Baghdad to discuss civil-military cooperation, August 7. Multi-National Security Transition Command – Iraq (MNSTC-I) Commanding General, Lieutenant General Frank Helmick called the meeting between Department of Defense and Department of State officials to discuss expectations and to ensure the synchronization of U.S. efforts as many of the U.S. military responsibilities transition in the coming month. “We must meet to ensure our political and military goals and objectives are moving in the same direction,” Helmick said. “This conference helps with that, allowing us all to share information and understand a common operating picture.”**



CONTACT INFORMATION

This brief draws from multiple sources. References are cited on the following pages.

For additional information, please see:

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<http://2001-2009.state.gov/p/nea/rls/rpt/>
- Department of State, Section 1227 Report on Iraq
<http://2001-2009.state.gov/p/nea/rls/rpt/>
- Department of Defense, Section 9010 Measuring Stability and Security in Iraq
http://www.defenselink.mil/home/features/Iraq_Reports/index.html

Please forward all questions and/or comments to:

NEA-I-IPOG-DL@state.gov



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- AP, August 5, http://hosted.ap.org/dynamic/stories/M/ML_IRAQ_MIXED_MARRIAGES?SITE=WABEL&SECTION=HOME&TEMPLATE=DEFAULT

Slides 5-7:

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Slide 8:

- Department of State, NEA/I Economic/Assistance Section, NEA-I-ECON-DL@state.gov

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- PRT Weekly Summary July 26 – August 1, 2009
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Slide 17:

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- MNF-I, Press Release August 11

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- The Washington Post, August 5, http://www.washingtonpost.com/wp-dyn/content/article/2009/08/05/AR2009080503788_pf.html;
- MNF-I, August 10, http://www.mnf-iraq.com/index.php?option=com_content&task=view&id=27555&Itemid=225